

The Honorable Franklin D. Burgess

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON AT TACOMA

UNITED STATES OF AMERICA,)	
)	No. C96-5879 FDB
Plaintiff,)	
)	ORDER APPROVING DISTRIBUTION
v.)	OF FUNDS AMONG CREDITORS AND
)	PARTNERS OF ST. GEORGE
MICHAEL A. McKEAN, ET AL.,)	ASSOCIATES
)	
Defendants.)	
)	

THIS matter has been brought before the Court on the Receiver's motion to authorize distribution of funds among creditors and partners of St. George Associates ("St. George").

The Court has considered the following documents:

1. The Receiver's Motion to Authorize Distribution of Funds among Creditors and Partners of St. George Associates.
2. Declaration of John Mellen with exhibits.
3. Response of the Successor Trustee of the Irrevocable Trust of Michael A. McKean to Motion to Authorize Distribution of Funds Among Creditors and Partners of St. George Associates.
4. Declaration of Successor Trustee in Response to Motion of Receiver with exhibits.
5. Declaration and Response of Michael A. McKean in Reply to the Declaration and Response of Successor Trustee with exhibits.
6. Declaration of Robin H. Balsam in Response to Declaration and Response of

ORDER APPROVING DISTRIBUTION OF FUNDS OF ST.
GEORGE (C96-5879FDB) Page 1

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Michael A. McKean.

7. Receiver's Reply Memorandum on Distribution of Funds Among Creditors and Partners of St. George Associates.

The Court therefore finds, concludes, orders, and enters judgment as follows:

1. The Receiver's Motion to Authorize Distribution of Funds Among Creditors and Partners of St. George is granted.

2. The Receiver's recommendations regarding the distribution of funds from the St. George proceeds are reasonable, and in conformity with the St. George Limited Partnership Agreement.

3. The Receiver shall pay Quality Management \$390.30.

4. The Receiver shall pay its legal, accounting, and other fees and expenses incurred in regard to St. George from the sale proceeds.

5. A contingency/reserve fund in the amount of \$5,000 shall be retained by the Receiver.

6. For reasons set forth below, the Court finds that the balance of the funds remaining after payment of the creditors mentioned above (the residual distribution) shall be allocated and paid as follows:

11.24%	William Wood
44.26%	Claimants to the share of Michael McKean
0.00%	Northwest Community Housing
19.88%	Gale Dahlstrom
5.13%	Shannon Keene
5.13%	Estate of Patricia Mandich
5.13%	Maple Properties, LLC
9.23%	Jeannette Wood
100.00%	Total

7. The Court finds that William Wood, Gale Dahlstrom, Shannon Keene, the estate of Patricia Mandich, Maple Properties, and Jeannette Wood have valid claims, as partners, successors, or assignees, to the St. George funds. Payments to them in the

percentages listed above, from the residual distribution, shall be the final resolution of their claims.

8. McKean and his successors and creditors are entitled to share in 44.26% of the residual distribution. These payments shall be made as follows:

a. Pursuant to the agreement of McKean and the Trust, the Trust shall be paid 9.00% of the residual distribution.

b. The Trust claims an additional 12.10% of the Residual Distribution. McKean disputes this. This 12.10% is also subject to claims of the trustee and possibly other interested parties in McKean's bankruptcy, Case No. 02-44015, now pending in the United States Bankruptcy Court for the Western District of Washington at Tacoma. Issues regarding this 12.10% of the residual distribution can most efficiently be resolved in McKean's bankruptcy or in the case of *In re The Irrevocable Trust of Michael A. McKean*, Pierce County Case No. 02-4-00018-8. Pursuant to the agreement of McKean's bankruptcy trustee, these funds shall be interpleaded in the Pierce County case, without prejudice to any claims of McKean's bankruptcy trustee or other interested party in the McKean bankruptcy.

c. The balance of McKean's share is 23.16%. From this share, the Receiver shall retain \$48,781.38. The amount of \$49,465.49 was paid by the Receiver, pursuant to an order of this Court, to one of McKean's secured creditors in order to preserve McKean's equity in his house. This was an advance from the funds that would later be distributed to McKean based on his partnership interests in St. George and other partnerships in the Receivership. The retention of \$48,781.38 by the Receiver out of these funds will repay the remaining balance due to the Receiver from funds that would otherwise be distributed to McKean.

d. The balance of McKean's 23.16% share shall be paid to the trustee appointed in McKean's bankruptcy. This Order does not resolve the validity of the claims of Shannon and John Keene to these funds. These issues can most efficiently be resolved in


1 McKean's bankruptcy case, where claims by the Keenes against McKean are currently
2 pending. This payment to McKean's trustee is expressly made subject to the claims of the
3 Keenes, and without prejudice to the right of the Keenes to pursue their claims in McKean's
4 bankruptcy.

5 9. All funds that are held in reserve and remain after all of the Receiver's bills
6 pertaining to St. George have been paid shall be distributed to the claimants based on the
7 same percentages set forth above.

8 10. All other claims to the proceeds from the sale of St. George are denied.

9 11. This is a final judgment under FR CP 54(b) as to all claims to the sale proceeds
10 recovered in St. George. There is no just reason for delay because all proceeds have been
11 collected, and all potential claimants have had the opportunity to submit their claims. It is
12 expressly directed that judgment be entered.

13 DATED this 1st day of July 2005.

14 
15 FRANKLIN D. BURGESS
16 UNITED STATES DISTRICT JUDGE
17

18 Presented by:

19 KELLER ROHRBACK L.L.P.
20

21 By /s/Amy Phillips

22 John Mellen, WSBA #12373

23 Amy Phillips, WSBA #30028

24 Attorneys for Receiver
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